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December 8, 2011

Ms. Jocelyn Boyd  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29211

RE: Docket No. 2011-329-C  
Compliance with Commission Rule 103-607

Dear Ms. Boyd:

In accordance with the Office of Regulatory Staff's letter dated August 8, 2011, a copy of which is attached, this will confirm that BellSouth Telecommunications, LLC. d/b/a AT&T South Carolina provides retail residential local exchange services in South Carolina and has invested at least five million dollars in telecommunications facilities in the State of South Carolina. Among other things, AT&T South Carolina's Annual Report that was provided to the Office of Regulatory Staff on April 1, 2011 supports this verification. This will also confirm that the following telephone utilities do not provide retail residential local exchange services in South Carolina:

AT&T Communications of the Southern States, LLC  
TC Systems, Inc.  
BellSouth Long Distance, Inc. d/b/a AT&T Long Distance

Sincerely,

cc: Jim McDaniel, ORS



DAWN M. HIPP  
DIRECTOR  
TELECOMMUNICATIONS, TRANSPORTATION, WATER/WASTEWATER

August 8, 2011

**\*\*\*REVISED REGULATION NOTICE\*\***

Subject: 26 S.C. Code Ann. Regs. 103-607 (Supp. 2011)  
Telephone Utilities Providing Retail Residential Local Exchange Services

To: All Telecommunications Companies Operating in the State of South Carolina

Per the recently revised regulation 26 S.C. Code Ann. Regs. 103-607 (Supp. 2011), all telephone utilities that provide retail residential local exchange service that have not invested at least five million dollars in telecommunications facilities in South Carolina will be required to file a bond or other security mechanism with the Public Service Commission of South Carolina ("PSC"). A copy of the bond should also be provided to the South Carolina Office of Regulatory Staff ("ORS"). This new regulation became effective on June 24, 2011.

In order to demonstrate compliance to the ORS and PSC, each company must either:

- 1) Verify in writing that it does not provide residential local exchange service; or
- 2) Verify that the Company individually or together with its affiliates has invested at least five (5) million dollars in telecommunications facilities in South Carolina; or
- 3) Apply for and receive a waiver from the Public Service Commission; or
- 4) File a bond or other security mechanism consistent with Regulation 103-607.

Each Telecommunications Company must demonstrate compliance with the new regulation by December 31, 2011. A copy of Regulation 103-607 is attached for your convenience.

Please contact me via e-mail or phone to discuss the regulation or requirements for maintaining compliance.

Sincerely,

Jim McDaniel

Program Manager

South Carolina Office of Regulatory Staff

803-737-0812

[jmcdanie@regstaff.sc.gov](mailto:jmcdanie@regstaff.sc.gov)

Enclosure

**PUBLIC SERVICE COMMISSION**

**CHAPTER 103**

Statutory Authority: 1976 Code Section 58-3-140

As published in the South Carolina State Register Vol. 35, Issue 6  
June 24, 2011

**103-607. Regulation Governing Telephone Utilities Offering Regulated Prepaid Local Exchange Services and Bonds or Other Security Mechanisms**

**Text:**

**103-607. Bonds or Other Security Mechanisms.**

This regulation applies to telephone utilities who provide retail residential local exchange services and who individually or together with their affiliates, have not invested at least five million dollars in telecommunications facilities in the State of South Carolina. The commission may waive this requirement upon petition by the telephone utility if the telephone utility provides evidence of financial stability as deemed appropriate by the commission. This regulation does not apply to Commercial Mobile Radio Services. The commission shall determine the type and the amount of bond or other security mechanism to be filed by the carrier with the commission and the ORS. The commission may order the carrier to file a performance bond or post an irrevocable letter of credit or certificate of deposit. In determining the amount of the performance bond, irrevocable letter of credit, or certificate of deposit, the commission may use, at a minimum, any commercially reasonable, acceptable method, including the following criteria: number of customers, retail price for service, and financial resources of the carrier.

a. **Performance Bond.** Performance bonds must be issued by an A-grade insurer acceptable to the commission and must be posted with the commission and a copy provided to the ORS. However, the amount of the bond shall be no less than \$100,000. An updated bond shall be filed with the commission and a copy provided to the ORS annually.

b. **Irrevocable Letter of Credit.** An irrevocable letter of credit shall be issued by a financial institution acceptable to the commission. The amount of the irrevocable letter of credit shall be determined by the commission; however, the amount of the letter of credit shall be no less than \$100,000. An updated irrevocable letter of credit shall be filed with the commission and a copy provided to the ORS annually.

c. **Certificate of Deposit.** The certificate of deposit shall be issued by a financial institution acceptable to the commission and shall be no less than \$50,000. An updated certificate of deposit shall be filed with the commission and a copy provided to the ORS annually.

**Forfeiture of Bond or Other Security Mechanism**

The commission, after notice and hearing, may order all or part of any bond or other security forfeited upon finding that the telephone utility has abandoned service to customers.